

SENATE BILL 2059

By McNally

AN ACT to amend Tennessee Code Annotated, Title 6,  
Chapter 56, relative to certification of municipal  
finance officers.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 6, Chapter 56, is amended by adding  
the following as a new part:

6-56-\_\_\_\_. This part is the Municipal Finance Officer Certification and Education  
Act of 2007.

6-56- \_\_\_\_\_. To ensure competence in the handling of municipal funds and the  
protection of public monies, each municipality must have in its employ, except as  
provided in this section, at least one (1) certified municipal finance officer (CMFO) or an  
exempt individual as recorder, city clerk, director of finance, or other official or employee  
who has oversight responsibilities relative to the municipality's financial operations, in  
accordance with the schedule established in this part. Any municipality with three  
hundred thousand dollars (\$300,000) or less in gross revenues for all funds, including  
utilities, and with debt totaling three hundred thousand dollars (\$300,000) or less in the  
immediately preceding fiscal year may, instead of employing a CMFO, contract with a  
CMFO or a qualified individual who is exempt from CMFO certification for financial  
oversight.

6-56-\_\_\_\_.

(a) The Municipal Technical Advisory Service of the University of  
Tennessee's Institute for Public Service, with the approval of the state  
comptroller's office, shall develop a curriculum, including testing, leading to the  
designation Certified Municipal Finance Officer (CMFO). The program must

include at least eighty (80) combined hours of course and lab work including the following topics:

- (1) Governmental environment
- (2) Auditing and internal controls
- (3) Governmental accounting
- (4) Financial reporting
- (5) Budgeting
- (6) Debt administration
- (7) Cash and investment management
- (8) Strategic planning and capital improvement plans
- (9) Pensions and benefits administration and risk management
- (10) Procurement and enterprise resource planning systems

(b) A candidate for the CFMO designation must be at least eighteen (18) years of age and must be a high school graduate or the equivalent.

(c) To achieve the CMFO designation, a candidate must demonstrate proficiency in the subject matter by passing a series of examinations on the course materials. A CMFO candidate, however, may choose to take an examination on the subject matter before taking a course, except for the course covering governmental environment, which is mandatory for all candidates. If the candidate makes a passing grade on the examination, the candidate will receive credit toward the CMFO designation without attending the training class in which the particular subject matter is covered. A candidate who passes all the examinations covering the ten (10) topics listed in subsection (a) will be eligible to receive the CMFO designation, and will receive that designation upon application to and certification by the comptroller's office.

(d) Training will be provided and examinations administered by the staff of the Municipal Technical Advisory Service.

6-56-\_\_\_\_. To maintain certification, a CMFO must earn at least twenty-four (24) hours of continuing education units (CEUs) of financial education each calendar year after receiving the designation. A CMFO wishing to maintain certification who earns more than the minimum CEUs during any calendar year may carry over to the next calendar year a maximum of twenty-four (24) CEUs. CEUs shall be filed with and maintained by the state comptroller's office, which shall keep individual records on CMFOs and CMFO candidates.

6-56-\_\_\_\_.

(a) The following individuals with financial oversight responsibility employed as a finance officer by a municipality and who would otherwise be required to have the CMFO designation are exempt from the educational requirements leading to the CMFO designation, but must comply with the continuing educational requirements of the preceding section:

(1) An individual designated as a Certified Government Finance Manager (CGFM) by the Association of Government Accountants.

(2) An individual designated as a Certified Public Finance Officer (CPFO) by the Government Finance Officers Association.

(3) An individual licensed as a Certified Public Accountant (CPA) by the state board of accountancy and in active status who has a minimum of five (5) years of primarily governmental experience with at least three (3) of those years in Tennessee.

(b) An individual employed as a municipal finance officer with financial oversight responsibility who would otherwise be required to have the CMFO

designation but who is claiming exemption shall send proof of exemption to the comptroller. The comptroller shall acknowledge an exemption in an appropriate manner determined by the comptroller. The comptroller shall keep a record of exempted individuals and their CEUs earned.

6-56-\_\_\_\_.

(a) Municipalities shall comply with the requirement that they have a CMFO in their employ based on the following schedule determined by the gross revenues the municipality derived for all funds, including utilities, during the July 1, 2006 to June 30, 2007 fiscal year:

Gross revenues	Compliance date
\$10 million or more	January 1, 2010
\$5 million to \$9,999,999.99	January 1, 2011
Less than \$5 million	January 1, 2012

(b) After the compliance date applicable to a municipality has passed and it later becomes necessary for the municipality to hire an individual in a position in which the CMFO designation is required, the individual hired must either be exempt as provided in this part or must become certified within two (2) years of the hiring date.

(c) If a municipality is in compliance before the applicable mandatory compliance date in subsection (a) and the CMFO or exempt finance officer leaves employment with the municipality within two (2) years before the applicable mandatory compliance date, leaving the municipality in noncompliance, the municipality will have two (2) years from the date of the departing finance officer's last day of employment to comply.

6-56-\_\_\_\_. Any municipality determined by the comptroller to be contumaciously in violation of the requirement of this part that the municipality have in its employ a CMFO or exempt individual in a position of financial oversight is subject to a civil penalty to be levied by the comptroller of up to fifty dollars (\$50.00) per day during the entire time the violation continues.

6-56-\_\_\_\_. The comptroller may issue any rules necessary to implement this part.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.